ICT DEVELOPMENT
IN RURAL AREAS OF SRI LANKA
-A POLICY PAPER-

By

K. A. D. Fernando

The Dissertation was submitted to the Department of Computer Science & Engineering of the University of Moratuwa in partial fulfillment of the requirement for the Degree of Master of Business Administration.

Department of Computer Science & Engineering
University of Moratuwa
December 2004

DECLARATION

"I certify that this thesis does not incorporate without acknowledgement any material previously submitted for a degree or diploma in any University to the best of my knowledge and belief it does not contain any material previously published, written or orally communicated by another person or myself except where due reference is made in the text. I also hereby give consent for my dissertation, if accepted, to be made available for photocopying and for interlibrary loans, and for the title and summary to be made available to outside organizations"

.....Dewmali..... 19/01/2005

Signature of the Candidate Date

To the best of my knowledge, the above particulars are correct.

.....

Supervisor

ABSTRACT

Information Communication Technology (ICT) has made a great impact to the world. It is accepted that the future economies will be based on ICT development and also the data available shows that ICT development is linked to socio-economic development. Many developing nations are striving to achieve ICT development expecting the benefits it brings to the areas of agriculture, education, health, tourism and disaster management etc. In most of the developing countries the majority of the population resides in the rural areas. And it is also a fact that in developing countries there exists a digital divide between rural and urban areas. Therefore it is necessary to develop ICT in the village.

The major drawback in developing ICT in rural areas is the lack of telecommunication infrastructure. The telecommunication operators perceive rural telecommunication rollout to be uneconomical. But this view is challenged by innovative business models and methods devised for rural communication by various countries. It is now said that rural telecommunication can be profitable and no longer done for charity and governments should see subsidization as a last resort.

It is evident that two types of market gaps are existing namely efficiency gap and true access gap, which affects telecommunication infrastructure development. The markets which has efficiency gap can be bridged by creating an enabling environment and eliminating barriers by regulators and government which impedes telecommunication infrastructure development. When these barriers are removed the markets with efficiency gap functions efficiently. The market, which has true access gap, has to be addressed differently. The markets, with true access gap, even when functions efficiently, do not perform well. Different approaches are needed to each of these segments. In the thesis, the policy directives required for telecommunication infrastructure development are discussed.

Acknowledgement

I would like to take this opportunity to thank many people who contributed in numerous ways in preparation of this thesis. I sincerely appreciate the guidance provided by my supervisor, Mr. A. T. L. K. Samarasinghe, Senior lecturer, Department of Electronic & Telecommunication Engineering, University of Moratuwa, in directing the course of this thesis at vital junctures with his professionalism. Also wish to thank Dr. V.S.D.Jayasena, Head of the Department, Department of Computer Science and Engineering, University of Moratuwa, for his valuable comments on shaping the objectives of this thesis. The valuable comments provided by Dr. P.G.V. Dias, Senior Lecturer Department of Computer Science and Engineering, University of Moratuwa, is also much appreciated.

My special thanks are due to Mr. M.K. Jayasekara not only for his comments but also for his constant untiring support. Thanks also to Mr. R.G.H.K. Ranatunga, Mr.J. Ratnayka, Mr. H.K.W. Indrajith and Mr. S. Bandusiri, for their comments and information. I would also like to thank my organization for giving me the opportunity to enroll for the MBA program and my colleague and staff who helped me in a variety of ways to follow the course. At home my wife Marie extended great support during the course of this MBA program.

Table of Contents

List of Figures

List of Tables